

[For Immediate Release]



中國稀土控股有限公司
China Rare Earth Holdings Limited

China Rare Earth Announces 2020 Interim Results

Revenue Rises 5% to HKD 460 million

Revenue from Rare Earth Products Increases 17% to HKD 332 million

**Strategic Value of Rare Earth Resources Continues to Gain Global Market
Attention**

- The pandemic is gradually under controlled, given China's efforts in tackling the pandemic. The increasing demand of rare earth products due to the rapid development of high technology, has also mitigated the pandemic's impact to the Group's businesses. In the first half of 2020, the Group's revenue increased by 5% to HKD 460 million, net profit was approximately HKD 10.81 million.
- In May, the market's expectation of the resumption of the national rare earth storage plan gradually strengthened and led to increase in demand of rare earth products. In the first half of 2020, revenue from rare earth products was approximately HKD 332 million, representing a 17% increase year-on-year.

(28 August 2020, Hong Kong) – China Rare Earth Holdings Limited (“China Rare Earth”, together with its subsidiaries, the “Group”; Stock code: 00769.HK), a rare earth and refractory materials products producer, today announced its interim results for the six months ended 30 June 2020.

The COVID-19 pandemic has quickly spread across the world since its outbreak in late 2019, disrupting commercial and economic activities in China and the world. In view of the outbreak, the Group instantly set up pandemic control measures. The pandemic is gradually under controlled, given China's efforts in tackling the pandemic. The increasing demand of rare earth products due to the rapid development of high technology, has also mitigated the pandemic's impact to the Group's businesses. In the first half of 2020, the Group's revenue increased by 5% to HKD 460 million, net profit was approximately HKD 10.81 million. Revenue from the Group's rare earth products rose to approximately HKD 332 million, representing an increase of about 17%, and accounted for about 72% of the Group's total revenue. As for refractory products, revenue was

approximately HKD 128 million, representing a decrease of about 17%, and accounted for about 28% of the Group's total revenue.

For rare earth business, given the impact of the COVID-19 pandemic in China, the Central Government and local governments made strong efforts to control the spread of the coronavirus, which restricted most commercial activities. Rare earth industry was also affected, and the market cooled down rapidly at Chinese New Year. Given China implemented pandemic prevention and control measures swiftly which effectively controlled the epidemic, this along with the sustainable development of high-tech industries, notably the increasing demand in medical equipment; have boosted the demand for rare earth products. In May, the market's expectation of the resumption of the national rare earth storage plan gradually strengthened and led to increase in demand of rare earth products.

For refractory materials business, refractory materials application industries such as steel and non-ferrous metals were hindered by the suspension of construction, manufacturing and transportation industries. With the impact of the economic downturn and the pandemic, the refractory materials market was under pressure. Nonetheless, the Group still won the trust of and respect from quality partners and customers by not engaging in irrational price competition and focusing on quality improvement and excellent services. Meanwhile, the market condition of the magnesium grains business was further worsened as compared to the end of last year. The reduction in size of the downstream industry led to a backlog of products in the market. Most magnesium manufacturers in Northeast China had called a halt or reduce in production.

The Group supports the country's initiative in propelling pollution control and have pushed forward the interconnection between the Group's factories and the municipal sewage discharge system since 2019, which is nearly completed. In addition, the Group's refinement work on its rare earth production line is scheduled to be completed within 2020, which will enhance the rare earth production capabilities of the Group.

Qian Yuanying, Chairman of China Rare Earth Holdings Limited, said: "Following the outbreak of COVID-19, there is a growing demand for automated smart products and medical equipment throughout the world for pandemic control and prevention purposes, with more focus on the development of high and new technology. Rare earth being a major raw material for high and new technology, the growing popularity and application of high precision technologies such as 5G, electric vehicles, and smart chips, will assist the research and development related to the applications of rare earth materials. The prospects of rare earth products will improve as the society's demand for rare earth materials continues to grow. Given the growing tension between China and the U.S., and the fact that China is the major rare earth supplier to the U.S. and the world, the strategic value of China's rare earth resources continues to gain the attention of the global market. The refinement work on its rare earth production line is nearly completed and, which will facilitate the Group's future business development and enhance its product quality. We

will continue to support the long-term development of China's rare earth industry and maintain the Group's status as a leading rare earth and refractory materials products producer in China."

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About China Rare Earth Holdings Limited (Stock Code: 769)

China Rare Earth Holdings Limited is listed on The Stock Exchange of Hong Kong Limited since October 1999. Its major operations include the production and sales of high quality rare earth products and refractory materials. Rare earth products are mainly used in traditional industries such as steel and metallurgy, building materials and glass, oil and chemicals; as well as high-tech industries including electronics, telecommunication, aerospace and medical equipment. Meanwhile, refractory materials are mainly applied to high-temperature processing equipment, that are used in a wide range of industries such as oil and chemicals, metallurgy, non-ferrous metal, building materials and glass, fertilizer, cement and electrics.

For more information, please visit the company's website at: www.creh.com.hk/

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